

**COUNTY OF HUMBOLDT  
SINGLE AUDIT REPORT  
YEAR ENDED JUNE 30, 2021**



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Supervisors  
County of Humboldt  
Eureka, California

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Humboldt (the County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 31, 2023. Our report included an adverse opinion for the omission of the discretely presented component unit, and unmodified opinions on all other opinion units.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered County of Humboldt's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Humboldt's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Humboldt's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 through 2021-005 that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Humboldt's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**County of Humboldt's Response to Findings**

The County of Humboldt's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Roseville, California  
August 31, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Supervisors  
County of Humboldt  
Eureka, California

**Report on Compliance for Each Major Federal Program**

We have audited the County of Humboldt's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2021. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-006. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-006, that we consider to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2021, and have issued our report thereon dated August 31, 2023, which contained an adverse opinion for the omission of the discretely presented component unit, and unmodified opinions on all other opinion units. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Roseville, California  
September 21, 2023

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**COUNTY OF HUMBOLDT  
SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed-Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed-through State Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.578	19-10150 A02	\$ 1,058,248	\$ -
Nutrition, Education, Obesity Prevention	10.551	19-10355	115,686	46,913
Passed-through State Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		6,850,864	-
Subtotal SNAP Cluster			<u>6,966,550</u>	<u>46,913</u>
Passed-through State Department of Education:				
National School Lunch Program	10.555		30,134	-
Subtotal Child Nutrition Cluster			<u>30,134</u>	<u>-</u>
Passed-through U.S. Forest Service:				
USDA Forest Services Campground / Patrol Operations	10.704		3,995	
Passed-through CA Fire Safe Council:				
FLASH USDA Clearinghouse Grant	10.664		21,071	-
Direct Programs:				
Secure Rural Schools Title III	10.665		290,125	-
Total U.S. Department of Agriculture			<u>\$ 8,370,123</u>	<u>\$ 46,913</u>
<b>U.S. Department of Commerce</b>				
Passed-through National Oceanic and Atmospheric Administration:				
Intertidal Coastal Marsh Restoration and Transportation Corridor Protection in Humboldt Bay	11.473		\$ 21,403	\$ -
<b>U.S. Department of Housing and Urban Development</b>				
Passed-through the State Department of Housing and Community Development:				
CDBG Microenterprise Program	14.228	16-CDBG-12992	\$ 2,440	\$ -
CDBG Microenterprise Program	14.228	16-CDBG-12992	123,480	123,480
CDBG Program Income	14.228		2,478	-
CDBG - Outstanding Loans	14.228		2,545,564	-
Subtotal Federal Assistance Listing Number 14.228			<u>2,673,962</u>	<u>123,480</u>
HOME First Time Homebuyer Program -	14.239	18-HOME-12572	3,573	-
HOME Program Income Expenses	14.239		17,693	-
HOME Program Income Expenses	14.239		79,200	79,200
Outstanding Loan Balance	14.239		15,730,601	-
Subtotal Federal Assistance Listing Number 14.239			<u>15,831,067</u>	<u>79,200</u>
Passed-through State Department of Public Health, Office of AIDS:				
HOPWA	14.241	19-11126	114,668	-
HART	14.267	CA0313L9T221912	85,735	-
Direct Program:				
Supportive Housing Program	14.235		240,843	-
Total U.S. Department of Housing and Urban Development			<u>\$ 18,946,275</u>	<u>\$ 202,680</u>
<b>U.S. Department of Interior</b>				
Passed-through National Oceanic and Atmospheric Administration:				
Klamath/Trinity Basin Fisheries Technical Assistance	15.608		\$ 10,092	\$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF HUMBOLDT**  
**SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Disbursements/Expenditures	Passed-Through to Subrecipients
<b>U.S. Department of Justice</b>				
Direct Programs:				
Equitable Share Asset Forfeiture - Sheriff	16.922		\$ 117,876	\$ -
Passed-through Governor's Office of Emergency Services:				
Victim Witness Assistance Program -VW	16.575	VW19370120	88,339	-
Victim Witness Assistance Program - VW	16.575	VW20380120	217,513	-
Underserved Victim Advocacy & Outreach Program - UV	16.575	UV19040120	68,918	-
Underserved Victim Advocacy & Outreach Program - UV	16.575	UV20050120	46,329	-
Child Advocacy Center Program - KC	16.575	KC19030120	117,509	-
Child Advocacy Center Program - KC	16.575	KC20040120	22,398	-
Subtotal Federal Assistance Listing Number 16.575			<u>561,006</u>	<u>-</u>
Promoting Evidence Integration in Sex Offender Management Discretionary Grant Program	16.203		109,232	-
Passed-through Drug Enforcement Agency (DEA):				
Domestic Cannabis Eradication/Suppression Program	16.579		78,033	-
Domestic Cannabis Eradication/Suppression Program	16.579		217,719	-
Subtotal Federal Assistance Listing Number 16.579			<u>295,752</u>	<u>-</u>
Passed-through Office of Justice Programs:				
Byrne JAG Local Coronavirus Supplemental Grant	16.034		1,363	-
Bulletproof Vest Program (BVP)	16.607		4,131	-
Byrne JAG Local Grant 2019	16.738		564	-
Byrne JAG State Pass-Through Grant	16.738		158,579	-
Passed-through Board of State and Community Corrections:				
Byrne JAG Mental Health Training Grant	16.738		24,300	24,300
Subtotal Federal Assistance Listing Number 16.738			<u>183,443</u>	<u>24,300</u>
Total U.S. Department of Justice			<u>\$ 1,272,803</u>	<u>\$ 24,300</u>
<b>U.S. Department of Labor</b>				
Passed-through State Employment Development Department:				
Workforce Investment and Opportunity Act (WIOA) Adult	17.258		\$ 268,048	\$ 241,243
Workforce Investment and Opportunity Act (WIOA) RPI/Slingshot	17.258	AA001007	325,000	292,500
Subtotal Federal Assistance Listing Number 17.258			<u>593,048</u>	<u>533,743</u>
Workforce Investment and Opportunity Act (WIOA) Youth	17.259		311,324	280,192
Workforce Investment and Opportunity Act (WIOA) Dislocated Wc	17.278		237,845	214,061
Workforce Investment and Opportunity Act (WIOA) Rapid	17.278	AA11107	94,834	85,351
Workforce Investment and Opportunity Act (WIOA) Layoff Aversior	17.278	AA11107	22,511	20,260
Subtotal Federal Assistance Listing Number 17.278			<u>355,190</u>	<u>319,672</u>
Passed-through State Workforce Development Board:				
Workforce Investment and Opportunity Act (WIOA) Regional Plan Implementation 4.0 PY 21/22	17.277	SAR 5560	342,235	308,012
Workforce Investment and Opportunity Act (WIOA) Prison to Employment (P2E)	17.277	M0113550	303,175	272,858
Workforce Investment and Opportunity Act (WIOA) NDWG	17.277		400,000	372,000
Subtotal Federal Assistance Listing Number 17.277			<u>1,045,410</u>	<u>952,870</u>
Subtotal WIOA Cluster			<u>2,304,972</u>	<u>2,086,477</u>
Total U.S. Department of Labor			<u>\$ 2,304,972</u>	<u>\$ 2,086,477</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF HUMBOLDT  
SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed-Through to Subrecipients
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Airport improvement program	20.106		\$ 531,126	\$ -
Passed-through State Department of Transportation:				
Safe Routes to Schools	20.205		20,194	-
Highway Bridge Replacement & Rehabilitation	20.205		1,593,369	-
Emergency Relief	20.205		7,494,399	-
Ferry Boat Discretionary	20.205		24	-
Highway Safety Improvement Program	20.205		66,774	-
Subtotal Highway Planning and Construction Cluster			<u>9,174,760</u>	-
Passed-through California Office of Emergency Services:				
Hazardous Materials Emergency Preparedness Grant	20.703	319-10, Cal OES #023-00000	13,432	-
Total U.S. Department of Transportation			<u>\$ 9,719,318</u>	<u>\$ -</u>
<u>U.S. Department of Treasury</u>				
Direct Programs:				
Equitable Share Asset Forfeiture - Drug Task Force	21.016		\$ 131,951	\$ -
COVID-19 American Rescue Act Plan	21.027		95,356	-
Passed-through California Department of Finance:				
COVID-19 Coronavirus Relief Fund	21.019		13,591,367	-
Total U.S. Department of Treasury			<u>\$ 13,818,674</u>	<u>\$ -</u>
<u>U.S. Environmental Protection Agency</u>				
Passed-through State Water Resource Control Board:				
Public Beach Safety Grant Program	66.472	D1914102	\$ 34,225	\$ -
Direct Programs:				
Brownfield Grant	66.818	BF-96986701-0	310,104	-
Total U.S. Environmental Protection Agency			<u>\$ 344,329</u>	<u>\$ -</u>
<u>U.S. Department of Health and Human Services</u>				
Passed-through State Department of Public Health:				
Pandemic Flu	93.074	17-10155	\$ 33,718	\$ -
Public Health Emergency Preparedness (PHEP)	93.074	17-10155	837,659	-
Hospital Preparedness Program	93.074	17-10155	187,201	-
ASPIRE	93.074	17-10155	9,816	-
Subtotal Federal Assistance Listing Number 93.074			<u>1,068,394</u>	-
TB Prevention	93.116		6,207	-
California Safe and Active Communities Program Prescription				
Drug Overdose Prevention Project	93.136	17-84295 A04	58,364	-
Childhood Lead Poisoning Prevention Program	93.197	20-10522	91,946	-
Immunization Local Assistance Funding	93.268	17-10318 A03	225,619	-
COVID-19 ELC CARES	93.323	6NU50CK000539-01-08	65,266	-
COVID-19 CALSRVSS Face ELC Enhancing Detection	93.323	6NU50CK000539-01-10	156,569	-
COVID-19 ELC Enhancing Detection	93.323		881,726	-
COVID-19 ELC Enhancing Detection Expansion	93.323		664,305	-
Subtotal Federal Assistance Listing Number 93.323			<u>1,767,866</u>	-
HIV CARE Program X07	93.917	18-10867	201,716	-
HIV CARE Program X08 Funding	93.917	16-10847	26,653	-
HIV Care ADAP	93.917	20-10111	14,290	-
Subtotal Federal Assistance Listing Number 93.917			<u>242,659</u>	-
California Home Visiting Program	93.994	19-10156	576,263	-
Maternal Child And Adolescent Health	93.994		196,974	-
Subtotal Federal Assistance Listing Number 93.994			<u>773,237</u>	-
Child Health and Disability Prevention	93.778		113,744	-
California Childrens Services	93.778		192,563	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF HUMBOLDT**  
**SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed-Through to Subrecipients
<b>U.S. Department of Health and Human Services (Continued)</b>				
Passed-through the State Department of Health Care Services:				
CHDP - Health Care Program for Children in Foster Care	93.778		\$ 171,785	\$ -
CHDP - HCPCFC Caseload Relief	93.778		71,383	-
CHDP - HCPCFC PMM&O	93.778		10,690	-
CHDP - HCPCFC Foster Care Administration	93.778		16,392	-
Local Dental Pilot Project - DTI	93.778	16-93571	1,052,030	629,533
Medi-Cal Administrative Activities	93.778		535,064	-
Targeted Case Management	93.778		188,045	-
Medical Assistance Program (CEC)	93.778		7,656,838	-
Subtotal Federal Assistance Listing Number 93.778			10,008,534	629,533
Passed-through State Department of Social Services:				
Guardianship Assistance	93.090		9,185	-
Guardianship Assistance	93.090		739,446	-
Subtotal Federal Assistance Listing Number 93.090			748,631	-
Promoting Safe and Stable Families	93.556		207,298	-
Temporary Assistance for Needy Families	93.558		12,220,133	-
Temporary Assistance for Needy Families	93.558		2,666,676	-
Subtotal TANF Cluster			14,886,809	-
Refugee and Entrant Assistance State Administered Program	93.566		1,082	-
Adoptions Incentives	93.603		54,278	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		683,623	-
Foster Care Title IV-E	93.658		7,208,452	-
Foster Care Title IV-E	93.658		3,261,504	-
Subtotal Federal Assistance Listing Number 93.658			10,469,956	-
Adoption Assistance	93.659		298,743	-
Adoption Assistance	93.659		6,039,826	-
Subtotal Federal Assistance Listing Number 93.659			6,338,569	-
Social Services Block Grant	93.667		126,742	-
Social Services Block Grant	93.667		558,944	-
Subtotal Federal Assistance Listing Number 93.667			685,686	-
Chafee Foster Care Independence Program	93.674		131,338	-
Passed-through SAMSHA:				
Drug Free Communities	93.276	5H79SP080807-07	117,232	-
Federal McKinney Projects for Assistance in Transition from Homelessness (PATH)	93.150		34,867	-
Community Mental Health Services Block Grant (MHBG)	93.958		864,713	-
Substance Abuse Prevention and Treatment (SAPT) Block Grant	93.959		820,521	-
Passed-through State Department of Child Support Services:				
North Coast Regional Department of Child Support Services	93.563		2,477,057	-
Direct Programs:				
CARES Act Provider Relief Fund	93.498		273,826	-
Total U.S. Department of Health and Human Services			\$ 53,038,312	\$ 629,533

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF HUMBOLDT**  
**SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed-Through to Subrecipients
<u>U.S. Department of Homeland Security</u>				
Direct Programs:				
Disaster Grants - Public Assistance	97.036		\$ 3,352,860	\$ -
Passed-through the Governor's Office of Emergency Services:				
FEMA - COVID-19 Assistance	97.036		209,263	-
Subtotal Federal Assistance Listing Number 97.036			<u>3,562,123</u>	<u>-</u>
Emergency Management Performance Grant FY18	97.042		141,847	-
Homeland Security Grant Program FY18	97.067		92,921	115,005
Homeland Security Grant Program FY19	97.067		49,563	-
Subtotal Federal Assistance Listing Number 97.067			<u>142,484</u>	<u>115,005</u>
Passed-through California Department of Transportation:				
Active Transportation Program	97.047		6,224	-
Total U.S. Department of Homeland Security			<u>\$ 3,852,678</u>	<u>\$ 115,005</u>
Total Expenditures of Federal Awards			<u>\$ 111,698,979</u>	<u>\$ 3,104,908</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF HUMBOLDT**  
**NOTES TO SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS**  
**JUNE 30, 2021**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Humboldt County under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Humboldt County, it is not intended to and does not present the financial position or changes in net position of Humboldt County.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting and the accrual basis of accounting for program expenditures accounted for in governmental funds and proprietary funds, respectively, as described in Note 1 of the County's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 PASS-THROUGH ENTITIES' IDENTIFYING NUMBER**

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County either determined that no identifying number is assigned for the program or was simply unable to obtain an identifying number from the pass-through entity.

**NOTE 4 INDIRECT COST RATE**

The County did not elect to use the 10% de minimis indirect cost rate as covered in 2 CFR §200.414.

**COUNTY OF HUMBOLDT  
NOTES TO SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS  
JUNE 30, 2021**

**NOTE 5 LOANS WITH CONTINUING COMPLIANCE REQUIREMENT**

Outstanding federally funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2021 as follows:

Federal CFDA #	Program Title	SEFA June 30, 2021	FY 20/21 Paydowns	County Balance June 30, 2021
14.228	Community Development Block Grants/States Program	\$ 2,545,564	\$ 32,513	\$ 2,513,051
14.239	HOME Investment Partnerships Program	15,730,601	200,364	15,530,237

**NOTE 6 OTHER LOANS**

Outstanding federally funded program loans, carried balances as of June 30, 2021 as follows:

Federal CFDA #	Program Title	Outstanding Loans June 30, 2021
66.818	Brownsfield Loans	\$ 1,884,796

**COUNTY OF HUMBOLDT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of Auditors' Report Issued:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified
Discretely Presented Component Unit	Adverse

2. Internal Control over Financial Reporting:

- Material Weakness(es) Identified? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No
- Significant Deficiency(ies) Identified not  
Considered to be Material Weakness(es)? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ None Reported

3. Noncompliance Matters to Financial Statements Noted? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

**Federal Awards**

1. Internal Control over Major Programs:

- Material Weakness(es) Identified? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No
- Significant Deficiency(ies) Identified not  
Considered to be Material Weaknesses? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ None Reported

2. Type of Auditors' Report Issued on Compliance for Major Programs: Unmodified

3. Any Audit Findings Disclosed that are Required to be Reported in Accordance with the Uniform Guidance? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No

4. Identification of Major Programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program</u>
14.239	HOME Program
20.205	Highway Planning and Construction Cluster
21.019	COVID-19 Coronavirus Relief Fund
93.323	COVID-19 Epidemiology and Laboratory Capacity Program
93.778	Medical Assistance Program

5. Dollar Threshold used to Distinguish Between Type A and Type B Programs? \_\_\_\_\_ \$3,000,000 \_\_\_\_\_

6. Auditee Qualified as Low-Risk Auditee Under the Uniform Guidance, Section 520? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

**COUNTY OF HUMBOLDT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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***Section II – Financial Statement Findings***

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**2021 – 001**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Condition:** The County is currently maintaining more than 140 governmental trust funds with approximately \$88 million in cash to track activity benefitting the General Fund and other primary operating funds of the County.

While the County has significantly reduced the use of miscellaneous revenue and expenditure accounts in these funds, there is still the potential for double reporting of revenues and expenditures when resources are transferred from these trust funds into operating funds since the County must manually prepare reclassification journal entries to eliminate the double reporting of revenues and expenditures. Finally, as the County does not budget for any activity in these governmental trust funds, any deviations from the adopted budget are not apparent until after the end of the fiscal year and thus cannot be addressed when they occur.

**Criteria:** According to the Accounting Standards and Procedures for Counties Guide published by the State Controller's office, "Governmental units should establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established. Using too many funds causes inflexibility and undue complexity in financial management. It should be avoided in the interest of efficient and economical financial administration."

**Context:** The condition is a systemic problem since several departments rely on trust funds for tracking various programs and activities.

**Effect:** By excluding transaction activity in these funds, balances for revenues and expenses in the County's own financial reports (including budgetary reports) are not complete. There is the potential to double-report revenues and expenditures when resources are transferred into operating funds. Using multiple funds within the accounting system to control the flow of revenues increases the potential for reporting revenues and expenditures twice.

As the County does not budget for any activity occurring in these governmental trust funds, any deviations from the adopted budget are not apparent until well after the end of the fiscal year and thus cannot be addressed when they occur.

**Cause:** The County currently does not have a formal process for closing funds that are not required or necessary for County operations and reporting.

**COUNTY OF HUMBOLDT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section II – Financial Statement Findings (Continued)***

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**2021 – 001 (Continued)**

**Repeat Finding:** Finding is a repeat finding from the prior year (2020-002).

**Recommendation:** We recommend the Auditor-Controller's Office implement the following procedures:

Analyze each of its governmental trust funds to determine if there is a particular need to account for resources separately from the operating funds of the County. Close several of these trust funds to combine the balances and activities of these funds with existing County operating funds.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

**2021 – 002**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Condition:** The County cannot present the discretely presented component unit, Fortuna Fire Protection District (the District), in the reporting entity as required because audited financial statements for the district have not been prepared for the 2021 fiscal year. While the governing board of the County appoints all of the members of the district's governing board, the district should be discretely presented because its governing board is not substantively the same as the County's.

**Criteria:** Generally Accepted Accounting Principles in the United States of America (GAAP) requires the County's financial statements to present the activities of the County and its component units.

**Context:** The District fell behind in its reporting. It is currently catching up on annual reports and is expected to be caught up in the near future.

**Effect:** Users of the financial statements are not able to rely on unaudited financial statements of the district.

**Cause:** The District fell behind in its reporting starting in fiscal year 2018.

**Repeat Finding:** Finding is a repeat finding from the prior year (2020-003).

**Recommendation:** We recommend the district engage with its auditors to complete its audits in a timely matter to remove the adverse opinion from its audit report.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

**COUNTY OF HUMBOLDT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section II – Financial Statement Findings (Continued)***

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**2021 – 003**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Condition:** During our audit of year-end accruals, we noted the following misstatements:

- The County included a liability amount of \$2,032,289 within their Accounts Receivable balance for Department of Health Care Services revenues, therefore understating their Accounts Receivable balance and liability balance.
- During our audit, we noted seven subsequent receipts totaling \$3,366,585 that should have been accrued and were not.
- The County restated its beginning compensated liability balance by \$2,663,279 in the Governmental Activities to reflect the correct prior year balance.

**Criteria:** Generally Accepted Accounting Principles (GAAP) in the United States of America require that revenues be recorded in the period in which they are earned.

**Context:** The proposed audit adjustments were material to the County's financial statements.

**Effect:** The County materially misstated revenues and receivables in the Road Fund and General Fund by \$731 thousand and \$2.2 million, respectively.

**Cause:** The County performs a year-end closing process that catches the majority of receipts that should be accrued. The receipts missed in the current year were due to human error and receipts being received for multiple periods in one bundle. During the prior year, the County did not have established processes to update and reconcile year-end schedules for various accounts such as compensated absences.

**Repeat Finding:** Finding is a repeat finding from the prior year (2020-004).

**Recommendation:** We recommend the County establish procedures to ensure subsequent receipts are reviewed for the correct recognition period. This review should include checking bundles of receipts which may contain receipts for multiple periods. We further recommend the County continue to develop a formal year-end closing schedule to ensure that significant account balances are reviewed and reconciled during year-end closing.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

**COUNTY OF HUMBOLDT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section II – Financial Statement Findings (Continued)***

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**2021 – 004**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Condition:** During our review of interfund activity, we noted the following:

- Reconciliations of interfund advances and transfers were not performed until months after the year-end close, resulting in several significant adjustments to the financial statements.
- Interfund transfers within the primary government were out of balance by a net of approximately \$4.3 million. The County did not appear to distinguish interfund activity with County funds from interfund activity with fiduciary funds which result in different reporting requirements.

**Criteria:** Generally Accepted Accounting Principles (GAAP) in the United States of America require that interfund transfers net to \$0 throughout the year. The term “transfer” is strictly limited to activity within the primary government. Equivalent situations involving external parties, including legally separate units with the government’s financial reporting entity, but not part of the primary government are transactions rather than interfund activity, and consequently should be reported as revenues and expenditures/expenses rather than as transfers.

**Context:** Before reclassifications, interfund transfers were out of balance by more than \$4.3 million.

**Effect:** Several revenue and expenditure/expense account balances were misclassified because of transfers not being in balance or properly grouped based on the type of transaction.

**Cause:** The County currently does not have a process for reconciling interfund transfers throughout the year, nor does the County have a process for identifying and reclassifying interfund transfers that do not meet the definition of interfund transfers under GAAP, such as transfers of resources between the primary government and fiduciary funds.

**Repeat Finding:** Finding is a repeat finding from the prior year (2020-006).

**Recommendation:** We recommend the County develop formal procedures for reconciling the County's interfund activity throughout the year. The County should identify all interfund transactions that do not meet the definition of “transfers” and report those transactions appropriately.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

**COUNTY OF HUMBOLDT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section II – Financial Statement Findings (Continued)***

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**2021 – 005**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Condition:** During our audit, we noted four outstanding checks in the County’s cash reconciliation that were voided and should be removed from their outstanding check balance.

**Criteria:** A cash reconciliation that reconciles from the Treasurer's balance to the general ledger balance should be prepared to determine that all cash transactions have been recorded properly and to discover bank errors.

**Context:** While the auditor’s office did perform a reconciliation of cash, there reconciliation included 4 large checks that were voided. These checks were part of the Schools fund which the County does not control. However, the County still must maintain adequate reconciliations of this account.

**Effect:** Cash was understated by the amount of \$1,415,126.

**Cause:** These checks were voided more than 3 years ago and the accounting system carried them forward year after year. Turnover in the Auditor Controllers Office also contributed to these checks being missed.

**Repeat Finding:** Finding is a repeat finding from the prior year (2020-007).

**Recommendation:** We recommend the County review their listing of outstanding checks for any items that seem to have not been cashed for long periods of time.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

**COUNTY OF HUMBOLDT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section III – Federal Award Findings and Questioned Costs***

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**2021 – 006**

Federal Agency: U.S. Department of Health and Human Services

Federal Program Title: COVID-19 Epidemiology and Laboratory Capacity Program

Assistance Listing Number: 93.323

Pass-Through Agency: California Department of Public Health

Pass-Through Number(s): N/A

Award Period: July 1, 2020 to June 30, 2022

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

**Condition:** During our audit, we noted for the Enhancing Detection Expansion grant, which is part of the Epidemiology and Laboratory Capacity program, the County submitted one report to the granting agency that did not include all expenditures incurred for the program.

**Criteria:** Grant compliance requires that the County submit quarterly expenditure reports to the California Department of Public Health of all expenditures incurred for the program within a particular timeframe.

**Questioned Costs:** None.

**Context:** CLA reviewed 19 reports submitted to the granting agency across four different grants for the Epidemiology and Laboratory Capacity Program. We discovered one report that did not contain all expenditures shown on the Schedule of Expenditures of Federal Awards (SEFA) for the program.

**Effect:** The County underreported expenditures for the program.

**Cause:** The grantor requires the reports to be sent by a certain date. At the time of the due date, the County had not completed their closing procedures, and were still reviewing expenditures incurred for the program. The report was sent prior to the completion of this review.

**Repeat Finding:** Not a repeat finding.

**Recommendation:** We recommend the County review their reports in a timely fashion and complete their closing procedures in time to comply with grant requirements.

**Views of Responsible Officials:** There is no disagreement with the audit finding.



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